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**CAPINFO COMPANY LIMITED\***  
**首都信息發展股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1075)**

**CONNECTED TRANSACTIONS**

**ESTABLISHMENT OF A JOINT VENTURE COMPANY  
AND  
ASSETS TRANSFER**

**ESTABLISHMENT OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that on 20 April 2018, the Company and Capnet entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the PRC.

**ASSETS TRANSFER**

After the establishment of the JV Company, the Company and the JV Company expect to enter into an Assets Transfer Agreement, pursuant to which the Company will transfer its cloud computing related assets to the JV Company (the “**Proposed Assets Transfer**”).

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, BSAM, being the controlling shareholder, is interest in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. As Capnet is owned as to 95% by BSAM, thus a subsidiary of BSAM, Capnet is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the JV Agreement are more than 0.1% but less than 5%, the transactions contemplated under the JV Agreement are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

\* *For identification purposes only*

If the Assets Transfer Agreement is entered into, it may constitute a connected transaction on the part of the Company pursuant to Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules, reporting and disclosure requirements when the Assets Transfer Agreement is entered into.

## **INTRODUCTION**

The Board is pleased to announce that on 20 April 2018, the Company and Capnet entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the PRC. After the establishment of the JV Company, the Company and the JV Company expect to enter into an assets transfer agreement, pursuant to which the Company will transfer its cloud computing related assets to the JV Company (the “**Proposed Assets Transfer**”).

The major terms of the JV Agreement are set out as follows:

## **THE JV AGREEMENT**

**Date:** 20 April 2018

### **Parties:**

- (i) the Company; and
- (ii) Capnet

### **Registered Capital:**

The total registered capital of the JV Company will be RMB50 million (equivalent to approximately HK\$62.5 million). The Company and Capnet have agreed to contribute RMB18.50 million (equivalent to approximately HK\$23.13 million) and RMB31.50 million (equivalent to approximately HK\$39.38 million), respectively, representing approximately 37% and 63% of the registered capital of the JV Company, respectively. The capital contributions will be payable by the parties in cash. The Company and Capnet will make their respective capital contribution on the date as stated in the JV Company’s articles of associations. The respective capital contribution by the Company and Capnet to the registered capital of the JV Company is determined after arm’s length negotiations between the parties with reference to the proposed capital requirements of the JV Company. The Company will finance its capital commitment from its internal resources.

**Business Scope:**

The business scope of the JV Company includes application software service, data process, software consultancy, products design, basic software service, computer system service, software development, technology service, technology transfer, technological development, technology promotion and technology consultancy (subject to approval by the relevant Industrial and Commercial Administration Department in the PRC).

**Board Composition and Supervisor:**

The JV Company will not set up a board of directors and will appoint only one executive director. The executive director will be nominated by the Company and elected by the shareholders' meeting of the JV Company for a term of three years, subject to re-election at the expiration of his term of office at the shareholders' meeting of the JV Company. The executive director will also be the legal representative of the JV Company.

The JV Company will not set up a supervisors committee and will appoint only one supervisor. The supervisor will be nominated by the Company and elected by the shareholders' meeting of the JV Company for a term of three years, subject to re-election at the expiration of his term of office at the shareholders' meeting of the JV Company.

**Assets Transfer:**

The Company undertakes to transfer its assets in relation to cloud computing (including fixed assets and intangible assets) to the JV Company with a consideration determined with reference to the valuation report.

**ASSETS TRANSFER**

The Company and the JV Company expect to enter into an assets transfer agreement after the establishment of the JV Company, pursuant to which the Company will transfer its cloud computing related assets to the JV Company, determined with reference to the valuation report.

The detailed terms of the Assets Transfer Agreement are subject to further negotiations between the parties thereof. If the Assets Transfer Agreement is entered into, it may constitute a connected transaction on the part of the Company pursuant to Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules when the Assets Transfer Agreement is entered into.

## **REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY AND TRANSFER OF THE ASSETS FROM THE COMPANY TO THE JV COMPANY**

In recent years, with continuing enhancement of promotion for cloud computing business in the markets at home and abroad, the application scope expanded rapidly, and the market scale of future business has huge room for rapid growth. Currently, business for cloud computing segment of the Company tends to be mature and has been equipped with stronger business base, highly-effective business team and stable market share. In the meantime, in response to the “improving quality, increasing efficiency” requirement of the State-owned Assets Supervision and Administration Commission of Beijing Municipality, the Company intends to establish a joint venture that is principally engaged in cloud computing related business so as to optimize the capital allocation and operational efficiency of the Company, strengthen the competitiveness of the Company, improve the efficiency of team work, increase to a great extent the initiative and flexibility of market expansion for cloud computing segment, and endeavor to capture the market opportunities of the industry in a leading position.

The Directors (including the independent non-executive Directors) are of the view that each of the Agreements are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better after arm’s length negotiation; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Dr. Feng Hao Cheng, a non-executive Director, is also an employee of BSAM. Mr. Yu Donghui, an executive Director, is also the chairman of Capnet. Accordingly, Dr. Feng Hao Cheng and Mr. Yu Donghui had abstained from voting on the Board resolutions approving the JV Agreement and the Proposed Assets Transfer. Save as disclosed above, none of the Directors has any material interest in the Agreements.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BSAM, being the controlling shareholder, is interest in approximately 63.31% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. As Capnet is owned as to 95% by BSAM, thus a subsidiary of BSAM, Capnet is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the JV Agreement are more than 0.1% but less than 5%, the transactions contemplated under the JV Agreement are subject to the reporting and announcement requirements but exempt from the Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

If the Assets Transfer Agreement is entered into, it may constitute a connected transaction on the part of the Company pursuant to Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules, reporting and disclosure requirements when the Assets Transfer Agreement is entered into.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is joint stock limited company established in the PRC on 23 January 1998 with limited liability, which is principally engaged in the installation of network systems, network design, consultancy and related technical services, and sales of computers, related accessories and equipment.

### **Capnet**

Capnet is a company established in the PRC on 12 March 2001 and is owned as to 95% by BSAM. Capnet is principally engaged in the provision of value-added telecommunications services, network system integration and the selling of computer equipment.

### **The JV Company**

The JV Company is a company established in the PRC with limited liability and is owned as to 37% by the Company and 63% by Capnet. The business scope of the JV Company includes application software service, data process, software consultancy, products design, basic software service, computer system service, software development, technology service, technology transfer, technological development, technology promotion and technology consultancy (subject to approval by the relevant Industrial and Commercial Administration Department in the PRC).

## **DEFINITIONS**

“Agreements”	collectively, the JV Agreement and the Assets Transfer Agreement
“Assets Transfer Agreement”	an assets transfer agreement to be entered into between the Company and the JV Company, pursuant to which the Company will transfer its could computing related assets to the JV Company
“Board”	the board of directors of the Company
“BSAM”	北京市國有資產經營有限責任公司(Beijing State-Owned Assets Management Corporation Limited*), a company established in the PRC and is wholly-owned by the Beijing Municipal Government, being the controlling shareholder of the Company

“Capnet”	北京首信網創網絡信息服務有限責任公司 (Capnet Company Limited*), a company established in the PRC with limited liability which is owned as to 95% by BSAM
“Company”	首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company established in the PRC, the overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company are listed on the Main Board of the Stock Exchange (Stock code: 1075)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Parties”	independent third parties independent of the Company and the connected persons of the Company
“JV Agreement”	the joint venture agreement dated 20 April 2018 entered into between the Company and Capnet
“JV Company”	Capinfo Cloud Technology Co., Ltd.* (首信雲技術有限公司), a limited company to be incorporated under the laws of the PRC pursuant to the JV Agreement, which name is subject to approval by the relevant PRC government authorities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

percent

\* *The English name is a translation of its Chinese name and is included for identification purposes only.*

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.25. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

By Order of the Board  
**CAPINFO COMPANY LIMITED\***  
**LIN Yankun**  
*Chairman*

Beijing, the People’s Republic of China, 20 April 2018

*As of the date of this announcement, the executive directors of the Company are Ms. Lin Yankun and Mr. Yu Donghui; the non-executive directors of the Company are Dr. Feng Hao Cheng, Mr. Cao Jun, Mr. Zhou Weihua, Mr. Shan Yuhu and Ms. An Lili; and the independent non-executive directors of the Company are Mr. Gong Zhiqiang, Mr. Cheung, Wai Hung Boswell, Mr. Li He and Mr. Yang Xiaohui.*